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AGENDA ITEM 7

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** CalPERS 2009-12 Three-Year Business Plan (First Reading)
- II. PROGRAM:** Systemwide
- III. RECOMMENDATION:** Approve the First Reading of the CalPERS 2009-12 Three-Year Business Plan.
- IV. ANALYSIS:**

CalPERS employs a “rolling” three-year business plan, where new objectives related to the 12 current Strategic Plan goals are added each fiscal year, while other objectives are completed. These new objectives are developed through business planning sessions with each CalPERS business area. The Board of Administration approves the new plan objectives, creating the framework for the next three-year business plan.

As a result of this year’s business planning process, 11 new objectives are proposed for the CalPERS 2009-12 Three-Year Business Plan (Attachment A – new objectives are shown in bold), as well as a recommended change to one existing objective.

The new objectives include:

- In the Enterprise portion of the plan, five new objectives address privacy and security of member and employer information assets; implementation of a comprehensive risk management strategy; and customer, stakeholder, and policy maker education on the impact of the market environment and the importance of defined benefit plans for retirement security.

- In the Pension area, two new objectives focus on enhancement of education materials and new product offerings for the Supplemental Income Plan.
- For Asset and Liability Management, new objectives have been added to Goal VIII and Goal IX that address managing assets in turbulent market conditions and advocating the investor voice in financial market regulation reform.
- And, for the Health program, two new objectives cover a Health Information Technology action plan and customer education on the national health care debate and federal cost and quality policy proposals.

The proposed objectives clearly identify the priority efforts for the enterprise and define appropriate measurements of progress.

Proposed Business Plan Objective Change

Goal II of the Three-Year Business Plan directs our ongoing efforts and commitment to providing a high-performance work environment for our employees. The objectives under this goal address recruitment and retention strategies, continuous learning, the importance of diversity as a fundamental business philosophy, and ongoing employee satisfaction.

Goal II. Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.

Objective #2.9 – By December 31, 2009, sustain the current level of overall employee satisfaction achieved in the 2007 employee opinion survey.

At this time, staff recommend the target date for this objective be changed to June 30, 2010. Due to a scheduling change, the next release of the enterprise employee opinion survey is now slated to be administered in January 2010. Changing the target date will allow us to align the objective with the availability of the survey results and analysis.

Ongoing Business Plan Reporting

The CalPERS 2009-12 Three-Year Business Plan will be presented for a second reading at the June 2009 Finance Committee meeting, and will take effect July 1, 2009. Going forward, staff will monitor the efforts made on each objective and provide semi-annual updates to the Finance Committee on its progress each February and September.

Conclusion

The CalPERS 2009-12 Three-Year Business Plan includes 11 new objectives that will assist the organization to meet both the known and unknown business challenges of our marketplace and maintain a forward-looking vision. The plan in full documents the business priorities and the enterprise implementation plan that will guide CalPERS toward the achievement of our Vision, Mission, and Strategic Plan Goals.

VI. RESULTS/COSTS:

Cost and resource needs associated with the projects and other activities identified in this plan have been allocated in the proposed CalPERS 2009-10 Budget.

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Attachment